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SUBJECT:

SUBJECT: Comoros Political Fight Puts IMF Deal In Jeopardy

¶1. (SBU) SUMMARY: The Union of the Comoros (GOC) has taken steps to obtain approval December 15 for emergency IMF assistance, but opposition leaders of Grande Comore and Moheli are not willing to cooperate for the good of the country. END SUMMARY.

¶2. (SBU) Foreign Minister Jaffar told the DCM November 20 the GOC had taken several steps to qualify for IMF Emergency Post Conflict Assistance (EPCA). On a recent tour of the Gulf, they secured pledges from Kuwait and Saudi Arabia, as well as interest from others, to raise the USD 20 million required to pay down domestic arrears. Union salaries and new hires have been frozen. In the near future, the number of Ministries is to be reduced from 15 to eight. All of this, FM Jaffar concluded, to demonstrate to the IMF that the Comoros is serious about qualifying for the EPCA and eventually getting into a Program. According to FM Jaffar, the IMF Board will meet to discuss the Comoros December 15 - he asked the United States vote in favor of the EPCA.

¶3. The island government of Anjouan, led by pro-Sambi "president" Toybou, has followed suit, freezing spending. In contrast, Grande Comore island "president" Abdouwahabi reshuffled his cabinet and expanded the number of ministers. President Sambi invited all three island executives to Moroni for talks November 19; in particular to talk about steps to qualify for the EPCA. Both Grande Comore and Moheli refused.

¶4. Further complicating matters, on top of recent talks of referendum (REFTEL), President Sambi on November 8 replaced the Director Generals of several state-owned enterprises and agencies in Moheli (hospital, utility, petroleum, and customs). He also removed the Gendarmes serving as Moheli island "president" Ali Said's body guards and replaced them with a Union presidency security detachment. President Sambi's bold move alienated not only Ali Said, but also his opposition allies the Grande Comore island president and National Assembly President. By unilaterally replacing these directors, Sambi asserted Union authority over state enterprises. This has long been a key point of contention in the "competencies" (federal authorities) issue.

¶5. COMMENT: The GOC is virtually bankrupt, eight months behind on salaries and barely able to pay fuel imports (and that only with help from Arab friends). Debt payments are a tremendous budget burden, thus the GOC's efforts to meet IMF requirements for the EPCA. The GOC tells us the six-month EPCA would lead to a Poverty Reduction and Growth Facility under which, with good performance, the Comoros could finally qualify for Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiative (MDRI) debt forgiveness. Other donors, notably France and UNDP, are concerned the GOC may not qualify for the EPCA, thus jeopardizing all international development efforts in the Comoros. END COMMENT.

MARQUARDT